

**OPENING STATEMENT OF  
RANKING DEMOCRATIC MEMBER PAUL E. KANJORSKI  
SUBCOMMITTEE ON CAPITAL MARKETS, INSURANCE,  
AND GOVERNMENT SPONSORED ENTERPRISES  
HEARING ON NARAB AND BEYOND:  
ACHIEVING NATIONWIDE UNIFORMITY IN AGENT LICENSING  
WEDNESDAY, MAY 16, 2001**

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Mr. Chairman, one half of the sand has now fallen through the hourglass marking the time Congress gave the states under the Gramm-Leach-Bliley Act to establish reciprocity or uniformity thresholds for non-resident producer licensing. It is therefore appropriate and constructive for us to hold a hearing at this time on the efforts to date by the states to comply with the NARAB provisions contained in the 1999 law and the need for further congressional action to improve the efficiency and effectiveness of our nation's insurance industry. I therefore commend you, Mr. Chairman, for bringing these matters to the Subcommittee's attention and for helping to educate our Members about this new jurisdiction. This hearing also represents the first time our Subcommittee has substantively examined insurance issues in the 107<sup>th</sup> Congress.

In an effort to allow an agent or broker to conduct business in more than one state using a single license, Congress included provisions to create the National Association of Registered Agents and Brokers -- or NARAB -- in the law to overhaul our nation's financial services marketplace. These provisions require that at least 29 states and territories implement reciprocal or uniform standards for agent licensing by November 12, 2002. If these jurisdictions fail to meet this deadline, the law then triggers the establishment of NARAB as a semi-autonomous body managed and supervised by state insurance commissioners with the power to set and preempt certain state standards in order to create a national licensing standard for insurance. As I understand, the states, under the guidance of the National Association of Insurance Commissioners, have focused to date on meeting the reciprocity standards contained in the Gramm-Leach-Bliley Act while pursuing uniformity as a long-term goal.

Last fall, the Subcommittee on Finance and Hazardous Waste held a hearing about the status of implementing the NARAB provisions. At that time, limited action had occurred and doubts existed about whether states would meet the deadline. Since then, however, considerable progress has been made. According to the National Association of Insurance Commissioners, 21 states have now passed legislation seeking to satisfy the reciprocity requirements. As a result, it now appears likely that the states will preempt the creation of NARAB.

From my perspective, streamlining the insurance licensing process represents an important first step in increasing the effectiveness and efficiency of our nation's traditional system of state insurance regulation. The McCarran-Ferguson Act authorized states to regulate the insurance business, and Congress reaffirmed this system in the Gramm-Leach-Bliley Act. Absent continued advances in state efforts to streamline and increase uniformity in their insurance laws and regulations, however, some may in the near future encourage Congress to consider altering these statutory arrangements. States must consequently continue to work proactively to modernize their systems for regulating the insurance marketplace.

In closing, Mr. Chairman, I believe it important that we learn more about the views of the parties testifying before us today and, if necessary, work to further refine and improve the legal structures governing our nation's insurance system. I also look forward to hearing from our witnesses about their impressions and to working with you in the future on insurance issues.